

From Michael Retzer, Controller, W.G. Strohwig Tool & Die, Inc. Submitted via e-mail.

Here is my written submission of the testimony I verbally presented at the Wisconsin Health Care and Insurance hearings held June 24, 2002 at Sandburg Hall at UWM.

THE EFFECT OF HEALTH INSURANCE ON WISCONSIN'S ECONOMY

Manufacturing is exportable and importable- this is a big differentiatin from most service and government sector jobs. Wisconsin is the 2nd highest state in the country in per capita manufacturing jobs. So manufacturing is integral to the health of Wisconsin's economy. In manufacturing, we compete against other states and especially other countries. According to the May 23, 2002 edition of the Milwaukee Journal Sentinel, Milwaukee already pays 55% more than other Midwestern metropolitan areas for health care.

Right now Strohwig Tool pays \$765 per month for family health insurance coverage. This will increase to \$956 per month on August 1 of this year. When using 4.2 work weeks per month average, 40 hours per week yields 168 working hours per month. When insurance is \$765 per month, the insurance cost per hour is \$4.55 per hour. Our employees pay \$100 per month plus all rate increases. Thus, the company pays \$3.96 per hour for health insurance. Any insurance cost increases will reduce the amount of disposable income our employees have to support the Wisconsin economy.

But we must also compete internationally. In Mexico, the average hourly wage is \$2.50. However, we are witnessing most of our manufacturing is going to China- just look at Wal-Mart, almost all goods sold in Wal-Mart are made in China. This isn't just toys anymore- it is all small appliances, all electronics, most computers and peripherals, components of larger appliances and equipment, and expensive high tech manufacturing tools, molds, and dies. **The average wage per day is \$2.50 in China.** How is manufacturing going to stay in Wisconsin when our health insurance alone costs \$3.96 per hour?

The high cost of health care and health insurance is damaging our capability to compete domestically and internationally. The health of the service sector, including the health care industry, is dependent on the health of the manufacturing sector. If we are to remain competitive as a state both domestically and internationally, we need to reign in the high costs of health care before we are regulated to third class status.